Rationalisation of Manpower in Steel Industry

1195. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that surplus manpower is one of the major reasons for reduced labour productivity of Indian Steel Industry and stumbling block on the profitability;

(b) if so, what steps are being taken for rationalisation of manpower and with what results; and

(c) to what extent human resource management has helped in enhancing labour productivity?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) Among the Public Sector steel companies, surplus manpower is one of the reasons for reduced labour productivity in the Steel Authority of India Limited (SAIL). Manpower related issues of private sector steel companies are not monitored by the Government.

(b) The steps being taken to reduce the strength of manpower of Steel Authority of India Limited (SAIL) include, *inter-alia,* Voluntary Retirement Scheme (VRS), redeployment of manpower from the identified areas and restriction in recruitment. About 6,000 employees availed VR during 1998 and 13,600 employees have opted for VR during 1999.

(c) The labour productivity of SAIL plants/units has steadily increased to 96 ingot tonnes per man year, upto 1997-98. In 1998-99 the labour productivity marginally decreased on account of lesser production based in lower market requirement.

Neutralisation of Input Cost in SAIL

1196. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that inspite of several steps taken, the Steel Authority of India has not been able to neutralize the input cost escalation and boost the morale of investors;

(b) if so, what are the factors behind this; and

(c) what steps are being taken to protect its image of Navaratna?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) Yes, Sir.

(b) The main factors behind SAIL not being able to neutralise the input cost escalation include *inter-alia:*

(i) Slow down in demand for steel;

(ii) Greater competition from imports arising due to lower international prices and enhancement in supplies in domestic market resulting in lower net sales realisation thereby lowering the margins;

(iii) The benefits of modernisation have not been achieved fully because level of production could not be raised to the designed capacity on account of market condition, although the techno-economic parameters have been achieved;

(iv) Higher interest and depreciation cost, due to capitalisation of modernisation and other capital schemes; and

(v) High manpower cost.

(c) Government is in constant dialogue with SAIL and is periodically reviewing their performance with a view to increasing their competitiveness and efficiency. Accordingly, to check losses and improve the financial health of SAIL, the Company has drawn up a comprehensive financial and business restructuring plan.

Vizag Steel Plant

1197. SHRI C. RAMACHANDRAIAH: Will the Minister of STEEL be pleased to state:

(a) whether the Vizag Steel Plant has submitted any proposal for waiver of losses or convertion of losses into equity;

(b) if so, what is the reaction of Government with regard to the proposal; and

(c) what are the measures Government are contemplating to put better use of the modern technology available in the plant?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) Rashtriya Ispat Nigam Limited (RINL), Visakhapatnam Steel Plant (VSP) had submitted a comprehensive